

Sourcing Sponsor-Backed Assets

2023

Private Equity Harvest Report

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From SPS, by Bain & Co.

Deal flow has decelerated dramatically in 2023, and many firms are turning to alternative sources to meet capital deployment targets.

Delivered exclusively to **SPS** clients, the **Private Equity (PE) Harvest** suite of capabilities is tailored to each firm's target investment criteria – enabling BD teams to identify active portfolio companies (“PortCos”), source potential secondary buyouts, target minority investments, and get ahead of deals before they go to market.

SPS PE Harvest features allow investors to drill down into the profiles of other sponsors to view active and historical holdings, including add-on activity per PortCo. PE, banker, lender, and law firm intelligence provides an unprecedented view of participants in any portfolio transaction – down to individual professional contact data.

This analysis leverages proprietary SPS data to evaluate active PE portfolio holdings acquired over recent years for the total market and within several strategic targets.

Active PortCos by Sector & Industry Group

Total Market 2012-2019

Over 5,100 companies that originally traded to PE investors between 2012-2019 are still being held and may trade again soon. The tables below show the number of active PortCos across all Sectors (left), drilling down to Industry Group for only the top four sectors (right).

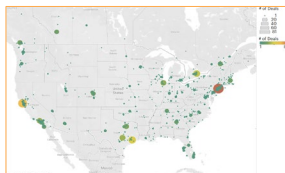
Table 1: Number of Active PortCos by Sector¹

L1 - Sector	L2 - Industry Group	L3 - Industry	L4 - Subindustry
1,094 Industrials	784 Technology	349 Energy	
1,021 Consumer	634 Healthcare	303 Financial Services	
	605 Business Services	272 Media & Telecom	
		83 Utilities	

Table 2: Active PortCos by Industry Group (Industrials, Consumer, Technology, Healthcare)¹

L1 - Sector	L2 - Industry Group	L3 - Industry	L4 - Subindustry
763 Industrial Goods	Industrials	251 Construction	
		80 Transportation	
308 Consumer Durables & Apparel	Consumer	308 Consumer Services	
		261 Food, Beverage & Tobacco	
		72 Household & Personal Products	
		44 Retail &	28
		46 IT Services	42 Hardware
		696 Software	
		403 Healthcare Provider, Facilities & Services	
		109 Med Tech & Healthcare Equipment	36
		85 Pharmaceuticals & Biotechnology	

SPS' interactive heatmap shows the HQ location of active PortCos.



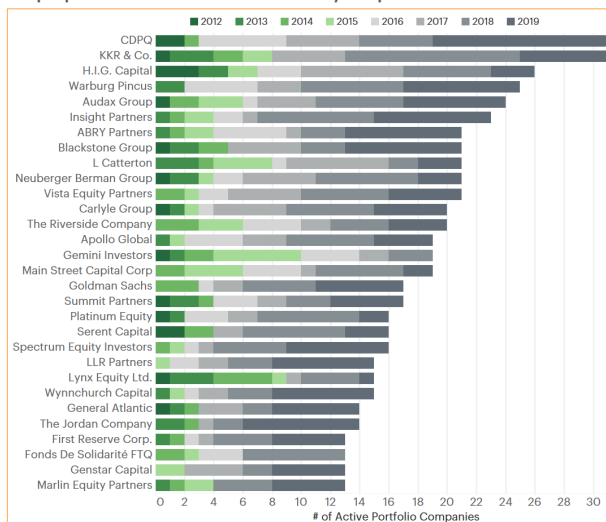
SPS clients can access **transaction history, contact information, and potential warm intros** to PE professionals.

Active PortCos by PE Buyer

Total Market 2012-2019

Deal origination traditionally focuses on cultivating relationships with intermediaries closing relevant deals and contacting companies directly. Sourcing deals from PE firms requires a similar effort, with the benefit of already knowing which assets each sponsor could potentially sell.

Top Sponsors with Active PortCos by Acquisition Year¹



Top Sponsors with Active PortCos by Sector¹

L1 - Sector	L2 - Industry Group		L3 - Industry		L4 - Subindustry					
	Grand Total	Technology	Industrials	Business Services	Consumer	Financial Services	Healthcare	Media & Telecom	Energy	Utilities
	564	142	87	69	66	60	58	40	33	9
CDPQ	31	1	12	7		2	1	5	2	1
KKR & Co.	31	7	2	3	3	3	9	1	1	2
H.I.G. Capital	26	2	3	6	4	2	5	2	2	
Warburg Pincus	25	10	3	2	2	6			2	
Audax Group	24	1	7	1	2		12			1
Insight Partners	23	19		2		1		1		
ABRY Partners	21	6	7	1	1	3	2		1	
Blackstone Group	21			5	3	4	1	2	5	
L Catterton	21				18		2	1		
Neuberger Berman Group	21					21				
Vista Equity Partners	21	17		2				2		
Carlyle Group	20	4	4	2	1	2	4	1	1	1
The Riverside Company	20	7	3	3	4	1	2			
Apollo Global	19	2	4	2	2	2		6	1	
Gemini Investors	19		9	1	4		2	1	2	
Main Street Capital Corp	19	2	5	4	3			2	3	
Goldman Sachs	17	3	2			6	2	2		2
Summit Partners	17	9			2	2	4			
Platinum Equity	16	2	5	2	2		1	1	1	2
Serent Capital	16	11			1	1	3			
Spectrum Equity Investors	16	7		5	1			3		
LLR Partners	15	8		1		1	4	1		
Lynx Equity Ltd.	15		6	3	4				2	
Wynnchurch Capital	15		7	1	5				2	
General Atlantic	14	7			3	1	1	2		
The Jordan Company	14	2	3	2	1	1	1	2	2	
First Reserve Corp.	13		4	3					6	
Fonds De Solidarité FTQ	13	1	6	3				1		2
Genstar Capital	13	5	3			3	1	1		
Marlin Equity Partners	13	8		2		1		2		

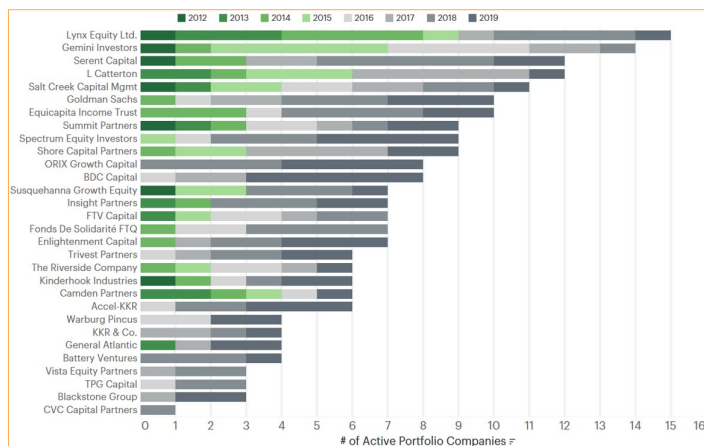
CDPQ, KKR & Co., and H.I.G. Capital lead the Top 30 PE Firms holding active PortCos acquired between 2012-2019.

Strategy #1: Lower Market

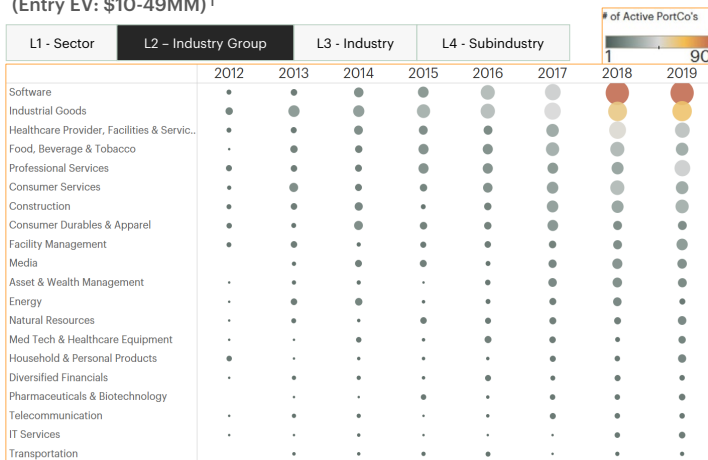
Source under-the-radar deals from other sponsors

Deal activity has slowed by 22% in the first three quarters of 2023 compared to the same period in 2022. Funds are increasingly opening their strategies to buying from other sponsors under the right circumstances, sometimes seeing second chances on attractive deals.

Top Sponsors with Active PortCos by Acquisition Year
(Entry EV: \$10-\$49 MM)¹



Active PortCos by Acquisition Year & Industry Group
(Entry EV: \$10-49MM)¹



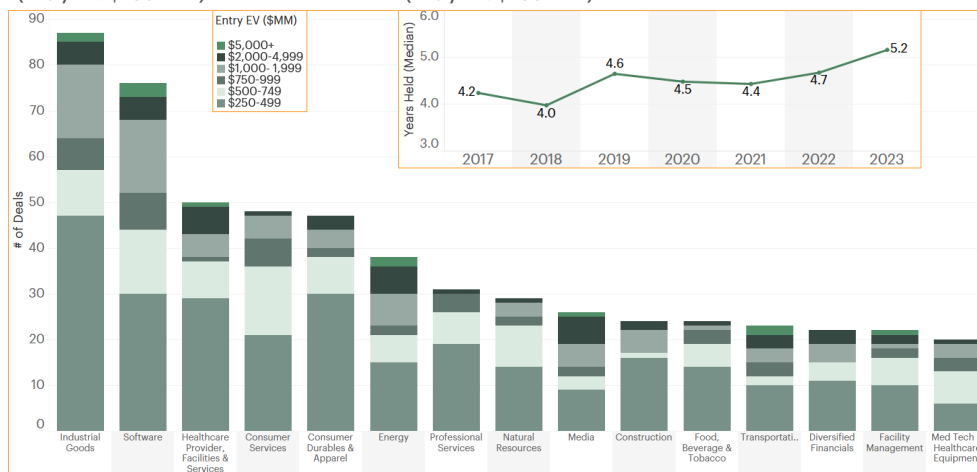
SPS specifies the **top buyers**, **subindustries**, and **acquisition years** for companies whose enterprise value (EV) at the time of acquisition was between \$10-49MM – enabling clients to narrow down potential platform or add-on opportunities fitting relevant investment criteria.

Strategy #2: Upper Market

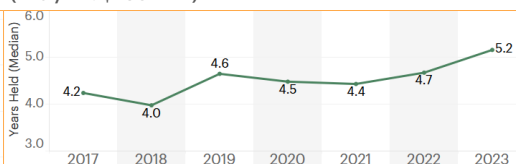
Track larger assets likely to come to market soon

With large assets being relatively scarce, Upper Market focused-funds must proactively identify new platform opportunities. Historic PE holding periods for larger PortCos are trending upward, indicating a surge of relevant target acquisitions in the months and years ahead.

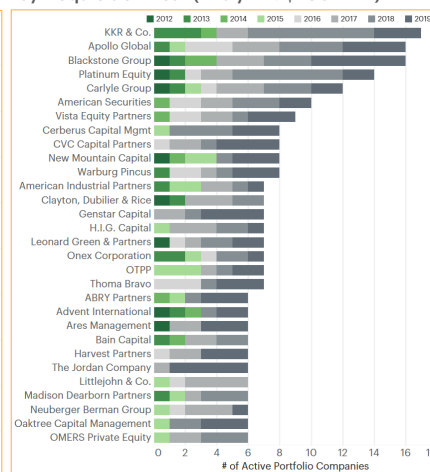
Active PortCos by Industry
(Entry EV: \$250MM+)¹



Median Holding Period for Assets by PE Exit Year
(Entry EV: \$250MM+)



Top Sponsors with Active PortCos by Acquisition Year (Entry EV: \$250MM+)¹



L1 - Sector L2 - Industry Group L3 - Industry L4 - Subindustry

Strategy #3: Minority Investments

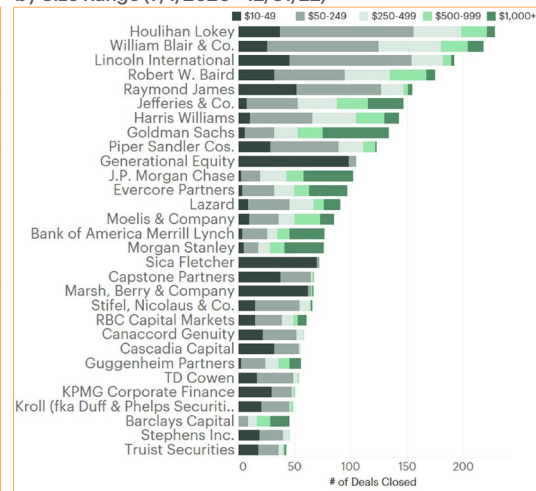
Find recently acquired PE-owned assets

Over recent years, economic uncertainty, high cost of capital, and misaligned valuation expectations have impacted willingness to sell. At a suboptimal time to transact, minority investment strategies may be an attractive alternative for PE investors.

Top Sponsors with Active PortCos by Sector (7/1/2020 - 12/31/22)¹

	Grand Total	Technology	Industrials	Consumer	Financial Services	Business Services	Healthcare	Media & Telecom	Energy	Utilities
Insight Partners	871	394	93	84	75	74	72	47	16	16
Blackstone Group	84	59	2	3	9	5	2	3	1	
KKR & Co.	57	16	6	5	6	4	8	8	3	1
H.I.G. Capital	56	19	5	5	8		8	6	3	2
General Atlantic	45	8	14	2	1	10	8		1	1
Thoma Bravo	39	12	2	8	9	2	4	2		
Carlyle Group	38	34			2	1		1		
Vista Equity Partners	37	10	8	4	1	1	6	3		4
TA Associates	35	29				4		2		
Francisco Partners	32	22	1	3	2		3	1		
TPG Capital	31	25	3	2	1		3			
The Riverside Company	27	13	2	1		1	2		2	2
Warburg Pincus	27	13	2	1		9	2			
Audax Group	27	8	2	2	6	4	2	2		1
Cleare Capital Group	26	7	7	1	2	3	4	1		1
Apollo Global	26	13	4	6	1	1		1		
Bain Capital	25	3	4	4	4	1	1	4	1	3
Summit Partners	25	16	1	2	2	3	3	1		
PSG	25	13		3	4		4		1	
LLR Partners	23	19			1	1		2		
New Mountain Capital	22	16	1		1	2	2			
ABRY Partners	22	2	1	2	3	7	4	1	1	1
Goldman Sachs	20	6	1	1	3	6		3		
The Jordan Company	20	8	4	2	2		1	1		
Stone Point Capital	20	3	6	3		3	2		2	
CDPQ	19	9			4	5	1			
Accel-KKR	18	5	4	3	3	1	2			
L Catterton	17	14			1	1		1		
Main Street Capital Corp	15	3	1	10			1			
Platinum Equity	15		8	2		2	2		1	
	14	2	6	4			1	1		

Top Intermediaries for Active PortCos Sold to PE Buyers by Size Range (7/1/2020 - 12/31/22)¹



Funds with **minority investment strategies** can leverage **SPS PE Harvest** features to find assets that were acquired in the past few years, are actively held, and may be in **need of additional capital**.

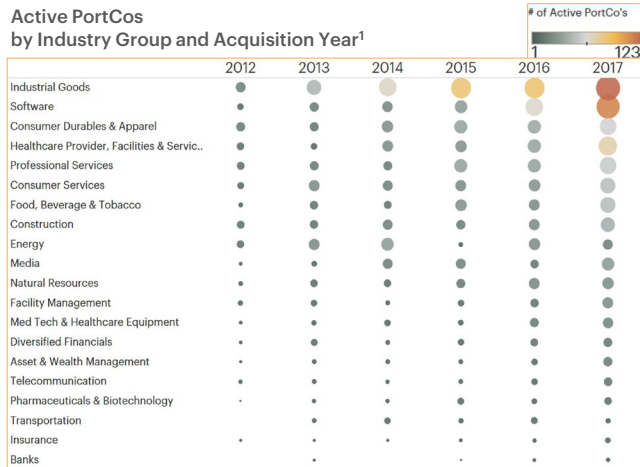
Strategy #4: Stranded Assets

Identify PE PortCos held 6+ years for unique opportunities

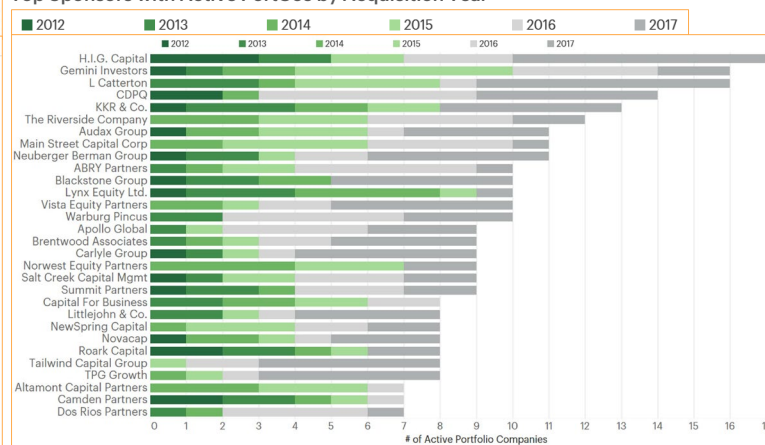
Dwindling quality of deal flow demands that firms get creative in their sourcing tactics, such as taking stock of active companies being held for an above-average period.

Active PortCos

by Industry Group and Acquisition Year¹



Top Sponsors with Active PortCos by Acquisition Year¹



L1 - Sector L2 - Industry Group L3 - Industry L4 - Subindustry

SPS PE Harvest capabilities allow firms to mine **distressed assets** for diamonds in the rough, find **growing assets in need of additional capital**, or **discover attractive opportunities for secondary buyout** of businesses that have demonstrated resilience through economic downturn.

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